

## **PSC DETERMINES SPRINT MISSOURI, INCORPORATED MEETS STANDARD FOR PRICE CAP REGULATION**

Jefferson City (August 20, 1999)---Based upon a thorough review of current state law as well as evidence presented in the case, the Missouri Public Service Commission has determined that Sprint Missouri, Incorporated (Sprint) meets the standard to become price cap regulated in Missouri.

Under price cap regulation, Sprint's current rates (those in effect as of December 31, 1998) are the maximum rates Sprint can charge until January 1, 2000. After January 1, 2000, maximum allowable prices for basic local exchange telephone service may change according to two relatively conservative government price indexes, which are based on prices of telephone services throughout the country. This standard should cause rate levels to remain affordable. Prices may also change under a rate rebalancing formula established under state law.

The application of price cap regulation will not exempt a company so regulated from the jurisdiction and oversight of the Public Service Commission. The Commission's jurisdiction regarding rate adjustments will be limited to ensuring rate adjustments comply with Missouri law.

In reaching its decision, the Commission closely examined Senate Bill 507 which was passed by the Missouri General Assembly and signed into law by Governor Mel Carnahan in 1996.

Senate Bill 507 is designed to permit flexible regulation of telecommunications companies while ensuring customers pay reasonable charges for their services. The designed effect of the law is to promote a competitive marketplace which should ultimately result in reduced rates, better service quality, more options for consumers, and a more progressive business environment for the state.

Under Section 392.245.2 of Missouri law, contained in Senate Bill 507, a large telephone company such as Sprint is eligible for price cap regulation when it has been determined by the Public Service Commission that an alternative local exchange telecommunications company has been certified to provide basic local telecommunications service and is providing that service in any part of the large incumbent telephone company's service area.

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On November 25, 1997, ExOp of Missouri Incorporated (ExOp) was certified to provide basic local telecommunications service within Sprint exchanges in Missouri. On June 3, 1998, the Commission approved an interconnection agreement between Sprint and ExOp. ExOp's tariffs took effect on December 15, 1998. ExOp is providing basic local telecommunications services to customers in the Sprint exchanges of Kearney and Platte City.

Granting price cap regulation if certain standards are achieved is part of the overall telecommunications bill to promote local telephone competition in Missouri.

Sprint joins Southwestern Bell Telephone Company and GTE Midwest Incorporated as local exchange telephone companies under price cap regulation in Missouri.

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Case No. TO-99-359